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Trade Invest Monthly

Hawaii's International Business Network

HAWAII NOTICES

University of Hawaii College of Business Alumni & Friends China Tour

The University of Hawaii College of Business Administration Alumni & Friends (CBAAF) is planning a Special China Tour for CBAAF members and their immediate families.

In addition to exploring one of the world's oldest civilizations in the world, there will be opportunities to learn about the economy and business potential in modern China from several experts with Hawaii connections.

Business-related activities tentatively planned:

- Speakers from the U.S. Department of Commerce on the Chinese economy and doing business in China
- Speaker from China Hawaii Investment Corp. on Hawaii businesses with projects in China
- Tour of the Shanghai Stock Exchange

Tour dates: Friday, November 1, to Sunday, November 10, 2002

Registration deadline (with payment in full): September 30, 2002.

For more information on the tour, contact Richard Lum at World Wide Tours & Travel Service at Tel: (808) 533-3691, and for information on joining the CBAAF, contact Dennis Tanimoto at Tel: (808) 941-0556.



"Mr. HDTV" and Other Telecom Leaders Confirmed to Speak at PTC Conference in January 2003

The 25th annual Pacific Telecommunications Council conference will focus on the theme, "Global Broadband/Global Challenges," and will take place at the Hilton Hawaiian Village on January 19-23, 2003.

This conference will bring together a dynamic mix of corporate executives as well as venture capitalists, senior industry observers and high-level government officials.

Guest speakers include:

- Dr. Joseph Flaherty, "Mr. HDTV" and one of the leading technologists in the development of digital TV and HDTV (High Definition Television)
- Sanghoon Lee, Executive vice president for the R&D group of telecom giant KT (Korea Telecom)
- Fred Briggs, President, operations and technology, WorldCom, Inc.

The Honolulu-based Pacific Telecommunications Council (PTC) is an international, non-profit organization that promotes the development of telecommunications and related industries in the Pacific with an emphasis on developing countries. Its membership of over 600 organizations and individuals includes providers and users of communications services, policy-makers, lawyers, engineers and academics.

Philippines to Start Exporting Fresh Mangoes to U.S.

Source: Consulate General of the Philippines – Honolulu. After more than 15 years of negotiations, the Philippines has finally started exporting fresh mangoes to the U.S., targeting penetration of the \$220 million fresh mango trade in the U.S. now being dominated by Mexico.

According to Trade and Industry Undersecretary Ernesto Ordonez, the first shipment consisting of 200 to 400 boxes of mangoes grown in Guimaras will be flown to Los Angeles.

Philippines mango exporters interestingly have had their U.S. market penetration made easier as current mangoes being exported from Mexico to the U.S. are called Manila mangoes.



Worldwide Market Reports

The report service offered is reserved for Hawaii companies only. To request reports, send the request form by Fax: (808) 587-3388 or email: tradeinvest@dbedt.hawaii.gov. If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, www.stat-usa.com. Also, some of these market reports are available at www.usatrade.gov

Taiwan Food Retail Trends

Source: U.S. Department of Agriculture. In response to a weak economy and fierce price competition, Taiwan's food retailers have continued to restructure operation, introduce new store formats, expand advertising budgets, and seek out new domestic and imported products.

Overall, Taiwan's food retailers experienced a difficult year mainly due to the overall economic slowdown and fierce price war in 2001. However, as a result of these market forces, there have been some positive developments. Some companies, *Makro* and *RT Mart* for instance, have restructured to meet the challenges. Others have become more creative and sensitive to consumers' needs. Another development was the launch of new store formats.

Despite the economic slowdown *7-Eleven's* performance exceeded expectations, making it the top retailer in 2001 with sales topping US\$1.9 billion – a 13% increase from 2000.

With Taiwan's growth of per capita income, changing consumption habits, and market liberalization, foreign retailers have seen the potential of the market. The foreign operators in the Taiwan market include *Costco*, *Carrefour*, *Auchan*, *Makro*, *Dairy Farm International*, *Tesco*, *Geant*, *Casino*, and *Yum! Restaurants*.

Taiwan trends in food retailing include:

Shopping patterns – Taiwanese customers tend to use all three retail formats – hypermarkets, supermarkets, and convenience stores – at different times and for different purposes. Consumers tend to visit supermarkets every two days. Hypermarkets are generally frequented once a week of every 10 days. Convenience stores are visited by consumers at all times. Consumer loyalty is weak.

Advertising – The five leading convenience store chains – *7-Eleven*, *Family Mart*, *High Life*, *Circle K*, and *Niko Mart* – have all increased their advertising budgets this year, and have recently changed their advertising strategies from focusing on company image promotions to product brand promotions.

Convenience foods – with the increase of working women, conveniently packaged products and ready-to-cook dishes are more popular.

Lunch boxes – Taiwan's "eat-out" market is valued at approximately US\$9 billion and is rapidly growing. Convenience stores continue to make efforts in developing and marketing new convenience food items – especially for lunch boxes and dinners.

Healthy foods – with increase in standard of living and focus on eating healthy, sales of products such as vegetarian, organic, and health foods will continue to increase.

Import opportunities – with Taiwan's accession to the WTO in February 2002, import tariffs for agricultural products have dropped from 22% to 14%. Competition among the world's food and agricultural exporters for a share of Taiwan's growing food import market has intensified.

Singapore and Thailand Economic Trends

Singapore

Source: U.S. & Foreign Commercial Service. On August 12, 2002, Singapore's Ministry of Trade and Industry (MTI) raised its forecast for calendar year 2002 real GDP growth to 3-4%, from the previous forecast of 2-4%.

The increase follows the release of data showing that Singapore's GDP grew 3.9% in the 2nd quarter of 2002 year-on-year, the first year-on-year increase in five quarters.

The new forecast is consistent with those made by most private sector analysts, who have consistently forecasted 2002 growth at between 3-5%.

Officials, however, cautioned that the economy's recovery is still tentative, and could be undermined by a renewed slump in the U.S.

Thailand

Source: U.S. & Foreign Commercial Service. Thailand's economic recovery remained on track in June, indicating that real GDP growth in the 2nd quarter was probably as strong as the 3.9% in the first quarter (the 2nd quarter GDP figures will be released in September).

Domestic demand continued to expand in June supported by higher income, lower

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Aquaculture & Fishery News

Peru – Shrimp Production

Source: U.S. Department of Agriculture. Shrimp production in Peru today is a minor crop but one that seemed to have great potential a few years ago.

Due to an outbreak of White Spot virus, shrimp production fell for three consecutive years in 1999-2001. Shrimp production is expected to increase by 111% in 2002, but production will be only one-sixth of the 1997 total.

In 1999, Peru had 3,500 hectares devoted to shrimp production. Due to the White Spot virus, most producers have switched to an alternative source of income, and currently there are 500 hectares with an average yield of 7 to 8 MT per year.

Producers have adopted two measures to prevent future White Spot attacks:

- They are improving the pond water

quality by installing equipment to pump oxygen in the water, and using treated ground water. The cost of this system is about US\$5,000 per hectare.

The are importing "Genetically Treated" baby shrimp that are resistant to the *White Spot* virus.

Indonesia – More Shrimp Ponds Built

Source: U.S. & Foreign Commercial Service. The Indonesian shrimp breeding industry is facing uncertainly after a disease trigger and collapse of a number of major shrimp breeding companies in the past several years.

As a result of the shrimp industry downturn, farmers have used their ponds to breed other fish species.

The attractiveness of shrimp farming and breeding has also been affected by the fluctuation in the prices of shrimp in the world market which has resulted in a slowing shrimp export market.

To help encourage the shrimp market, the

Indonesian government plans to develop 1,000 hectares of shrimp ponds in the eastern Indonesian areas of Gorontalo, & Southeast Sulawesi. The project will be built in cooperation with *P.T. Charoen Pakhand Indonesia Tbk.*

Singapore – Seafood Market

Source: U.S. Department of Agriculture. Seafood is one of the most popular food products consumed by Singaporeans. Per capita consumption amounted to about 16 kilograms in 2000, down from 20 kilograms in 1996.

Singapore's import of fish and seafood in 2000 amounted to 61,819 tonnes (net of re-exports) while local and farmed fish and seafood amounted to only 5,317 tonnes. The CIF value of gross imports amounted to US\$335 million in 2000.

80% of total demand is for warmwater fish. The major countries that supply warmwater fish and seafood products to

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Japan News

In the News

Source: U.S. Department of Agriculture – Agriculture Trade Office Tokyo. Recent reports from various Japanese mass media and food press are below:

- More and more food manufacturers are tightening inspection standards and reviewing suppliers following the recent food safety scandals. *Kagone*, *Itoham*, and *Riken Vitamin* will demand that suppliers update product-quality assurance documents in order to ensure greater safety in their procured ingredients. (6/15/02 issue of *The Japan Economic Newspaper*)
- *Snow Brand Milk Products* and *Lotte* announced on June 24 that they will launch a joint venture ice cream company named *Lotte Snow* on October 1. The new firm will take over the ice cream operations of the struggling *Snow Brand Milk*, and will sell brands such as *Snow Brand*, *Dole*, and *Hershey*. With this merger, Lotte will become the largest ice cream manufacturer in Japan. (6/27/02 issue of *The Food Industry News*)
- *Wal-Mart Stores* plans to send a permanent working team to Japan in July to set up an office in *Seiyu's* headquarter in Tokyo to start serious discussions with *Seiyu* and *Sumitomo Corporation* regarding its business cooperation in the Japanese market. (7/2/02 issue of *The Nikkei Marketing Journal*)
- Japan's Health, Labor, and Welfare Ministry decided on July 12 to approve about 30 chemicals whose safety was confirmed by the Joint FAO/WHO Expert Committee on Food Additives (JECFA) and which are widely used in the U.S. and European Union. Currently 828 food additives are allowed in Japan under the Food Sanitation Law. The decision reflects the recent detection of various food products containing food additives banned by the Food Sanitation Law, and it marks a reversal from the previous policy of limiting food additive use as much as possible. (7/12/02 issue of *The Japan Economic Newspaper*).
- According to the Japan Chain Store Association, total sales of its member supermarkets in June 2002 increased 0.1% on a same-store basis compared with the same month last year. It was the first increase in 43 months, primarily due to a 3.1% increase in food sales brought about by the increased number of people buying food in supermarkets for preparation at home while watching World Cup soccer matches (7/27/02 issue of *The Nikkei Marketing Journal*).
- According to the Japan Department Store Association, total sales of its member department stores in June 2002 declined 1.1% on a same-store basis compared with the same month of last year. This was the third consecutive month of decline. (7/27/02 issue of *The Nikkei Marketing Journal*).
- On July 19, Japan's major food wholesalers, *Kobubu* and *Ryoshoku*, announced that they will launch a joint distribution business on August 2. The new company, Food Logistics Network, will deliver food and liquor products in bulk to wholesalers, reducing the frequency of deliveries and slashing costs by 10% compared with conventional direct shipments from manufacturers. (7/25/02 issue of *The Food Industry News*).



Meat Scandal

Source: U.S. Department of Agriculture. On August 9, 2002, *Nippon Meat Packers*, Japan's largest meat wholesaler admitted to mislabeling imported beef as domestic beef, and selling it to an industry association under the government-funded beef buyback program.

While the beef was never marketed, the company is still facing a serious public scandal with most of its products being pulled from many of the major grocery chains.

Nippon Meat Packers is the largest meat wholesaler and distributor of ham, sausages, fresh and frozen beef, and poultry products in Japan with annual sales of nearly 1 trillion yen (US\$8.7 billion).

After the news became public, several Japanese retail chains, which have been suffering from a long series of food safety issues over the last year, reacted immediately by pulling almost all *Nippon Meat Packer* products from its shelves. Currently, three major supermarket chains, accounting for 1,250 stores, 2 major convenience store chains with over 9,000 stores, and 2 major department stores chains have announced that they will no longer sell *Nippon Meat Packers* products. Other retailers are expected to follow suit.

Health Care Services

Source: Japan External Trade Organization (JETRO). With the aging of Japan's society and a decline in the population birthrate, it has been pointed out that it is becoming increasingly difficult to pay for the majority of medical care in Japan by public insurance.

The medical expenses for senior citizens in Japan are also higher than other countries.

With that in mind, JETRO completed an in-depth survey on 1) the overall Japan health care services compared to that of Europe and the U.S. and investigated Japanese market access, and 2) the kinds of barriers that exist against entry of domestic and overseas companies in medical care and welfare (long-term) care services.

Key results of the investigation are as follows:

1. For-profit companies may not establish hospitals, long-term insurance facilities in Japan. Entry of private for-profit companies is allowed in Europe & the U.S. A change in this issue would create new business opportunities to providers and a wider range of services for users.
2. Lack of information available to users. In the field of medical care, there are regulations on advertising, & as such only limited information is made available to users.
3. Lack of mechanism, such as third-party evaluation, for raising the quality of services. Also lacking is the value-added information required by users in selecting a service providers from a number of service providers.
4. Need for provision of seamless medical care and long-term care services. In Europe and the U.S. medical care services and long-term care services are considered integrally as "health care," and the systems for providing health care services are integrated. However, in Japan, medical care services and long-term care services are separately considered. For example, users must look for another service provider when transferring from receiving medical care at hospitals to receiving long-term care, thereby creating inconvenience for users.

France - Travel & Tourism Services

Source: U.S. & Foreign Commercial Service. Since 1985, the number of French tourists to the U.S. has tripled, reaching more than one million in 2000. France ranks third among European markets—after the U.K., and Germany—and is sixth in the world after Canada, Mexico, Japan, the U.K., and Germany as an overseas source of income for the U.S. tourism industry.

The events of 9/11 have made a major impact on the French travel & tourism industry. Although there have been recent signs of a mild recovery, the industry continues to suffer. For example, in 2001, visitor arrivals into the U.S. from France was down 14%.

French visitors are attracted to the sea, beaches, and sun, and that explains the popularity of destinations such as Florida and California. They are also fond of culture and history. Western states are popular as the French visitors have memories of cowboys and Indians, and open spaces portrayed in American TV shows and movies.

French visitors tend to be repeat visitors who, having experienced the most popular destinations, is now looking for new activities and destinations. In the South and West in particular—Texas, New Mexico, Wyoming, Montana and Colorado— are attracting more French visitors looking for more outdoor activities and sports (hiking, fishing, surfing, skiing).

Vietnam – Graduate Training Programs

Source: U.S. & Foreign Commercial Service. As Vietnam makes the transition from a centrally planned to a market economy, this transition has had a strong impact on the labor market, on relative earnings, and on returns to higher education.

With Vietnam integrating into a global economy, more attention is drawn to its higher education demand, as there is a shortage of qualified human resources in all fields.

The Government recognizes that education is the key to creating a globally competitive work force that will help drive economic development. It is a major preoccupation of Government and is a highly valued and respected activity in Vietnamese society.

New policies of the Government of Vietnam call for more investment in higher education in Vietnam, remarkable achievements in the national economic growth, higher personal incomes. This has created an emerging market niche for graduate programs, and with the worldwide recognized strengths of U.S. providers of education and training services, best prospects for Vietnam include technology management (especially in-

formation and communications technology), business administration, public economics, English language training, and education promotion consulting.

In the past, Vietnam had to send people abroad for graduate education. However, in recent years, the Vietnamese Government has been investing more and more of its own finances for graduate education locally as well.

There was mention of University of Hawaii as one of the U. S. universities that provide masters programs in Vietnam.

It is noted that the major competitors – Australia, United Kingdom, and Singapore – seem to be more familiar with the Vietnamese culture and living styles, and U.S. providers must be aware of the cultural differences in order to close this competitive gap.

U.S. Sugar Tariff Rate Quotas for 2002 / 2003

Source: Office of the U.S. Trade Representative. On August 5, 2002, the Office of the U.S. Trade Representative announced the country-by-country allocations of raw cane sugar, refined sugar, and sugar-containing products tariff-rate quotas for FY 2003.

- A tariff-rate quota for raw cane sugar was set at 1,117,195 metric tons, the minimum level to which the U.S. is committed under the Uruguay Round Agreement.
- Allocations were based on the historical trade to the U.S.
- The in-quota quantity of the tariff-rate quota for refined sugar for FY 2003 has been established at 37,000 metric tons.
- As for sugar-containing products, 59,250 metric tons is being allocated to Canada, and the remainder of the sugar-containing products tariff-rate quota is available for other countries on a first-come, first-served basis.

Singapore / Thailand Economic Trends

(Continued from page 2)

interest rates, and strengthening consumer confidence.

Exports increased for the third consecutive month in June. Imports also increased in June, especially durable and capital goods, reflecting the upswing in domestic demand.

Inflation remained subdued, with the core inflation rate estimated at only 0.2% (year-on-year) in June, and 0.4% (year-on-year) during the second quarter.

Singapore Seafood

(Continued from page 2)

Singapore are the neighboring countries of Malaysia, Indonesia, Thailand, and Vietnam. Countries that supply coldwater fish include Australia, New Zealand, Nor-

way, Japan, and Taiwan. The U.S. is a negligible supplier of coldwater fish and seafood in 2000.

Key trends and entry strategies faced by U.S. fish and seafood suppliers include:

- There is lack of information and understanding about the types of U.S. fish & seafood. Both importers and retailers have little or no knowledge about U.S. fish and seafood types and availability. The supplier must gauge the level of promotion & consumer/importer/retailer education necessary for successful long term presence in the market.
- U.S. fish & seafood can be promoted as exotic fish and seafood targeted at the high income consumers, particularly for the Chinese New Year festive season.
- Freight costs from the U.S. could prove prohibitive to importers when compared to nearer sources such as Australia or New Zealand.
- U.S. suppliers may be more competitive by working closely with major supermarket chains for direct import by them for sale to their middle to high income consumers.



Report Request Form

Trade Invest Monthly
Hawaii's International Business Network

Company: _____

Contact person: _____

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Report(s) requested:

- ☐ France – Travel & Tourism Services
- ☐ Taiwan Retail Food Trends
- ☐ Vietnam Graduate Training Programs
- ☐ Peru—Shrimp Production
- ☐ Indonesia—More Shrimp Ponds Built
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